



Business Success Today

Business Insights Brought to You by Your Real Estate Professional
**The Everest Group/TCN Worldwide
Commercial Real Estate Services**

Successful Real Estate Solutions

The Everest Group was recently involved in several notable transactions.

- ▲ John Thompson represented the Landlord, Kimco, in leasing the former 125,000 SF Walmart space in Tri-County Commons to Home Emporium. Home Emporium is moving from Pleasant Ridge to the Tri-County market so they can serve the entire Cincinnati / Northern KY market.
- ▲ Jeff Wolf, SIOR, CCIM, represented CPDS in leasing 78,323 SF of industrial space at 200 Constitution Drive in Fairfield, Ohio.
- ▲ Frank Torbeck, SIOR, and Jeff Wolf, SIOR, CCIM represented both the Landlord and Tenant in leasing the 5,000 office/warehouse building located at 3195 Homeward Way in Fairfield, Ohio.
- ▲ Chris Vitori represented the Tenant, Dr. Melvin Gale, in leasing 2,859 SF at the Keystone Park located at 2135 Dane Avenue in Cincinnati, Ohio.
- ▲ Chris Nachtrab and Karen Duesing represented the Owner in leasing the 31,000 SF former Kerry Chrysler dealership in Milford to Easy Street Rides and Rods.
- ▲ Jeff Wolf, SIOR, CCIM, represented the Buyer in purchasing the 23,000 SF industrial building located at 6831 Ashfield Drive in Blue Ash, Ohio.
- ▲ Mark Freiberg, CCIM, represented Tri-State Centers for Sight in relocating their office from 330 Straight Street to 3,500 SF at Keystone Parke on Dana Avenue.
- ▲ Karen Duesing represented Kolache Factory in leasing 1,750 SF at the Cherry Grove Shopping Center on Beechmont Avenue. This is their first store in the Cincinnati market.
- ▲ Jeff Wolf, SIOR, CCIM, and John Thompson represented the Seller in the sale of the Tri-County Buick Pontiac GMC auto dealership located at 169 Northland Blvd.
- ▲ Mike Luning represented Orange Chair, Inc. in leasing 7,000 SF of industrial space at 1181 US Highway 50 in Milford, Ohio.
- ▲ Adam Simon represented the Landlord and Jeff Wolf, SIOR, CCIM, represented the Tenant, Dare to Dance, in leasing 9,400 SF at 11256 Cornell Park Drive, Suite 500 in Blue Ash, Ohio.
- ▲ Mark Richter represented the Landlord in leasing 29,550 SF of office/warehouse space at 9706 InterOcean Drive in Cincinnati, OH.
- ▲ Jeff Wolf, SIOR, CCIM, represented both the Landlord and Tenant in leasing 15,500 SF at 96-100 Security Drive in Fairfield, Ohio.
- ▲ John Thompson represented Party City in expanding to 15,000 SF at Colerain Towne Center at Northgate. This is part of Party City's conversion of Factory Card Outlet stores and expansion to larger Party City facilities throughout the US.
- ▲ Mark Freiberg, CCIM, represented the Landlord in leasing 2,900 SF at 5374 Cox-Smith Road in Mason, Ohio, to Martinez & Martinez Family Care Dental.
- ▲ Chris Vitori represented the Landlord in leasing 7,693 SF of office space at 11499 Chester Road in Sharonville, Ohio, to Quest Global.

REAL ESTATE

Capitalization Rates: The Key to Figuring Out Purchase Values

Understanding and interpreting capitalization rates in commercial real estate are important for an investor who is trying to determine the purchase value of a building or business.

Investors have criteria they use to determine where to invest their real estate dollars. Having the tools to determine whether the investment meets those specific criteria is essential to successful real estate investing.

The capitalization rate is the relationship between the annual net operating income and purchase price, in a sales scenario. The rate is determined using a mathematical equation that estimates the value and rate of return on investment.

Financial institutions also use capitalization rates when determining the maximum mortgage value for a specific investment.

The value of a property is determined by dividing the net operating income by the rate at which you expect a return on your investment. For example, if a business has a net operating income of \$25,000 and expects an annual return on investment of 10% of the value, then the business's price should not exceed \$250,000. Based on this scenario, the initial investment value would be recouped in 10 years if no additional expenses were incurred during that period.

Real estate and mortgage professionals use a variety of formulas to calculate capitalization rates for specific investments. The example above is only one method that can be used to compare values to a specific investment criteria. You can tailor your search to meet your business needs by discussing your investment expectations with your real estate professional.

REAL ESTATE

How Investors Can Deal With Contaminated Sites

Decades of industrialization and rapid growth have left soil and groundwater contaminated at thousands of sites across the U.S.

Cleanups are under way at many locations, and growing public concern over the health effects of a wide variety of contaminants has driven the federal government to create a more stringent environmental policy to deal with these issues.

Investors and business owners must therefore be aware of how to deal with the impacts that arise from environmental contamination.

Known contamination from a spill is most easily dealt with. For example, when a tanker truck rolls over or a storage tank valve fails, it can be quickly identified and reported to the local Department of Natural Resources (DNR). Discovery through analysis is the most frequent way for historic or older contamination to be uncovered.

Field measurements are taken in order to analyze the extent of groundwater and soil contamination. This is the preliminary work needed to form a remediation plan. Regardless of the method used to determine the extent of the contamination, it needs to be reported to the local DNR immediately.

A qualified environmental professional should be chosen to formulate a plan of

action to deal with specific site contaminants.

In recent years, the legal and financial consequences related to environmental problems have grown exponentially. Investors and business owners must realize there may be a need for legal representation as a result of liabilities from environmental hazards found in soil or water.

Clearly defining the issues will help in the selection of professionals required for the cleanup. Specialized environmental services may be required for soil, water and air testing and detailed design, construction services may be necessary, and laboratory and engineering expertise may also be required to remediate environmental contamination problems. Storage tank removal requires different expertise than does asbestos abatement.

The roles of various consultants need to be clearly defined, and firms need to be carefully selected. Select the firm that best meets your environmental and corporate needs, and then negotiate the fees.

Once an agreement is finalized, work can begin.

A team approach is essential to dealing with any environmental issue. The contractor may be called upon to do the physical removal of tanks or soil and

make structural changes to the site to prevent future contamination.

The nature of the environmental impacts may require laboratory testing to determine the extent of cleanup required and the long-term impacts on the surrounding area.

The cost of correcting environmental issues is often prohibitive to investors considering the purchase of an industrial site. The burden of remediation will most often fall to the property owner.

Avoiding the problem is not an option due to the costly legal, financial and environmental ramifications that can result from contaminants.

By following a timely, measured approach, business owners can protect their investment and secure a future that generations to come will enjoy.

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